

KOLDER, SLAVEN & COMPANY, LLC

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* A Professional Accounting Corporation

May 18, 2020

WWW.KCSRCPAS.COM

The reporting package for the Town of Sunset, Louisiana as of and for the year ended June 30, 2019 was resubmitted to include agreed-upon procedures relative to a Louisiana Division of Administration Office of Community Development grant. Subsequent to the issuance of the reporting package, the Legislative Auditor's office required the agreed-upon procedures to be performed and included with the reporting package in order to meet the requirements of the Louisiana Division of Administration Office of Community Development. There were no modifications to the financial statements nor have any procedures been performed since the date of the auditor's report.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 18, 2020

TOWN OF SUNSET, LOUISIANA

Financial Report

Year Ended June 30, 2019

TABLE OF CONTENTS

| | Page |
|--|-----------|
| Independent Auditor's Report | 1-3 |
| BASIC FINANCIAL STATEMENTS | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS) | |
| Statement of net position | 6 |
| Statement of activities | 7 |
| FUND FINANCIAL STATEMENTS (FFS) | |
| Major fund descriptions | 9 |
| Balance sheet - governmental funds | 10 |
| Reconciliation of the governmental funds balance sheet to the statement of net position | 11 |
| Statement of revenues, expenditures, and changes in fund balances- governmental funds | 12 |
| Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities | 13 |
| Statement of net position - proprietary fund | 14 |
| Statement of revenues, expenses, and changes in fund net position - proprietary fund | 15-16 |
| Statement of cash flows - proprietary fund | 17-18 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 19-40 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| General Fund - budgetary comparison schedule | 42 |
| Sales Tax Special Revenue Fund - budgetary comparison schedule | 43 |
| Schedule of employer's share of net pension liability | 44 |
| Schedule of employer pension contributions | 45 |
| Notes to the required supplementary information | 46 |

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| OTHER SUPPLEMENTARY INFORMATION | |
| Statement of net position - compared to prior year totals | 48 |
| General and Special Revenue Funds - comparative balance sheet | 49 |
| Budgetary comparison schedules (with comparative prior year amounts) | |
| General Fund - budgetary comparison schedule - revenues | 50 |
| General Fund - budgetary comparison schedule - expenditures | 51-52 |
| Sales Tax Special Revenue Fund | 53 |
| Debt Service Fund | 54 |
| Schedule of number of utility customers | 55 |
| Schedule of insurance in force | 56 |
| Comparative statement of net position - Utility Fund | 57 |
| Comparative departmental statement of revenues and expenses - Utility Fund | 58-59 |
| INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS | |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 61-62 |
| Summary schedule of current and prior year audit findings and management's corrective action plan | 63-65 |

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INDEPENDENT AUDITOR'S REPORT

WWW.KCSRCPAS.COM

The Honorable Charles James, Mayor
and Members of the Board of Aldermen
Town of Sunset, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Sunset, Louisiana (Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sunset, Louisiana, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules of employer's share of net pension liability and employer pension contributions on pages 42 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town of Sunset has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sunset, Louisiana's basic financial statements. The other supplementary information on pages 48 through 59 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these comparative statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The prior year comparative information on the comparative statements has been derived from the Town of Sunset's 2018 financial statements. This information was subjected to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, was fairly presented, in all material respects, in relation to the basic financial statements as a whole.

The various schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019, on our consideration of the Town of Sunset, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Sunset, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 8, 2019

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF SUNSET, LOUISIANA

Statement of Net Position
June 30, 2019

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and interest-bearing demand deposits | \$ 665,034 | \$ 42,626 | \$ 707,660 |
| Interest-bearing time deposits | 7,891 | 1,060 | 8,951 |
| Receivables, net | 36,268 | 35,023 | 71,291 |
| Internal balances | 165,148 | (165,148) | - |
| Due from other governmental units | 12,328 | 159,387 | 171,715 |
| Total current assets | <u>886,669</u> | <u>72,948</u> | <u>959,617</u> |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and interest-bearing demand deposits | - | 107,872 | 107,872 |
| Interest-bearing time deposits | - | 26,225 | 26,225 |
| Capital assets, net | <u>1,204,638</u> | <u>2,294,566</u> | <u>3,499,204</u> |
| Total noncurrent assets | <u>1,204,638</u> | <u>2,428,663</u> | <u>3,633,301</u> |
| Total assets | <u>2,091,307</u> | <u>2,501,611</u> | <u>4,592,918</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | <u>177,946</u> | <u>11,008</u> | <u>188,954</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts, salaries and other payables | 76,180 | 208,515 | 284,695 |
| Customers deposits payable | - | 107,525 | 107,525 |
| Capital lease payable | 2,417 | - | 2,417 |
| Loans payable | 4,101 | - | 4,101 |
| Bonds payable | <u>16,000</u> | <u>17,000</u> | <u>33,000</u> |
| Total current liabilities | <u>98,698</u> | <u>333,040</u> | <u>431,738</u> |
| Noncurrent liabilities: | | | |
| Capital lease payable | 3,569 | - | 3,569 |
| Bonds payable | 120,000 | 408,000 | 528,000 |
| Net pension liability | <u>637,564</u> | <u>39,763</u> | <u>677,327</u> |
| Total noncurrent liabilities | <u>761,133</u> | <u>447,763</u> | <u>1,208,896</u> |
| Total liabilities | <u>859,831</u> | <u>780,803</u> | <u>1,640,634</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | <u>36,659</u> | <u>2,245</u> | <u>38,904</u> |
| NET POSITION | | | |
| Net investment in capital assets | 1,062,652 | 1,683,269 | 2,745,921 |
| Restricted for sales tax dedications | 368,999 | - | 368,999 |
| Restricted for debt service | 11,333 | - | 11,333 |
| Unrestricted (deficit) | <u>(70,221)</u> | <u>46,302</u> | <u>(23,919)</u> |
| Total net position | <u>\$ 1,372,763</u> | <u>\$ 1,729,571</u> | <u>\$ 3,102,334</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2019

| Activities | Expenses | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | |
|--|--------------------|---------------------------------------|------------------------------------|----------------------------------|--|--------------------------|--------------------|
| | | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 653,258 | \$ 178,455 | \$ - | \$ - | \$ (474,803) | \$ - | \$ (474,803) |
| Public safety: | | | | | | | |
| Police | 717,847 | 270,380 | - | - | (447,467) | - | (447,467) |
| Fire | 174,158 | - | 9,220 | - | (164,938) | - | 9,220 |
| Streets | 237,940 | - | 3,245 | - | (234,695) | - | (234,695) |
| Interest on long-term debt | 6,282 | - | - | - | (6,282) | - | (6,282) |
| Total governmental activities | <u>1,789,485</u> | <u>448,835</u> | <u>12,465</u> | <u>-</u> | <u>(1,328,185)</u> | <u>-</u> | <u>(1,328,185)</u> |
| Business-type activities: | | | | | | | |
| Gas | 184,349 | 259,670 | - | - | - | 75,321 | 75,321 |
| Water | 290,261 | 279,195 | - | 479,978 | - | 468,912 | 468,912 |
| Sewer | 184,166 | 172,710 | - | - | - | (11,456) | (11,456) |
| Total business-type activities | <u>658,776</u> | <u>711,575</u> | <u>-</u> | <u>479,978</u> | <u>-</u> | <u>532,777</u> | <u>532,777</u> |
| Total | <u>\$2,448,261</u> | <u>\$1,160,410</u> | <u>\$12,465</u> | <u>\$479,978</u> | <u>(1,328,185)</u> | <u>532,777</u> | <u>(795,408)</u> |
| General revenues: | | | | | | | |
| Taxes - | | | | | | | |
| Property taxes, levied for general purposes | | | | | 141,858 | - | 141,858 |
| Sales and use taxes, levied for general purposes | | | | | 739,665 | - | 739,665 |
| Franchise taxes | | | | | 127,027 | - | 127,027 |
| Grants and contributions not restricted to specific programs - | | | | | | | |
| State sources | | | | | 85,886 | - | 85,886 |
| Non-employer pension contribution | | | | | 10,970 | 599 | 11,569 |
| Interest and investment earnings | | | | | 178 | 4 | 182 |
| Miscellaneous | | | | | 32,297 | (9,007) | 23,290 |
| Transfers | | | | | 138,000 | (138,000) | - |
| Total general revenues and transfers | | | | | <u>1,275,881</u> | <u>(146,404)</u> | <u>1,129,477</u> |
| Change in net position | | | | | (52,304) | 386,373 | 334,069 |
| Net position - July 1, 2018 | | | | | <u>1,425,067</u> | <u>1,343,198</u> | <u>2,768,265</u> |
| Net position - June 30, 2019 | | | | | <u>\$1,372,763</u> | <u>\$1,729,571</u> | <u>\$3,102,334</u> |

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Fund

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's two 1% sales and use taxes. These taxes are dedicated for the purpose of constructing and purchasing municipal, fire and police department facilities and furnishings and equipment; opening, construction, and improving drains, drainage canals, and subsurface drainage; constructing, acquiring, or improving any work of public permanent improvements, and purchasing and acquiring all equipment and furnishings for public works, buildings, improvements, and facilities of the Town of Sunset.

Debt Service Fund

Debt Service Fund

To account for the payment of the principal and interest on the City's 2010 Excess Revenue Bonds. Financing is provided from sales tax revenues.

Enterprise Fund

Utility Fund -

To account for the provision of gas, water, sewerage and limited sanitation services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF SUNSET, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2019

| | <u>General</u> | <u>Sales Tax Special Revenue</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|---|-------------------|--|----------------------------------|---------------------|
| ASSETS | | | | |
| Cash and interest-bearing demand deposits | \$ 482,718 | \$ 120,971 | \$ 61,345 | \$ 665,034 |
| Interest-bearing time deposits | 7,891 | - | - | 7,891 |
| Receivables: | | | | |
| Taxes | 31,410 | - | - | 31,410 |
| Due from other governmental units | 12,328 | - | - | 12,328 |
| Due from other funds | 228,436 | 248,028 | - | 476,464 |
| Other | 4,858 | - | - | 4,858 |
| Total assets | <u>\$ 767,641</u> | <u>\$ 368,999</u> | <u>\$ 61,345</u> | <u>\$ 1,197,985</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 32,421 | \$ - | \$ - | \$ 32,421 |
| Salaries and related benefits | 23,144 | - | - | 23,144 |
| Cash bonds payable | 19,610 | - | - | 19,610 |
| Due to other funds | 262,309 | - | 49,007 | 311,316 |
| Total liabilities | <u>337,484</u> | <u>-</u> | <u>49,007</u> | <u>386,491</u> |
| Fund balances: | | | | |
| Restricted for sales tax dedications | - | 368,999 | - | 368,999 |
| Restricted for debt service | - | - | 12,338 | 12,338 |
| Unassigned | 430,157 | - | - | 430,157 |
| Total fund balances | <u>430,157</u> | <u>368,999</u> | <u>12,338</u> | <u>811,494</u> |
| Total liabilities and fund balances | <u>\$ 767,641</u> | <u>\$ 368,999</u> | <u>\$ 61,345</u> | <u>\$ 1,197,985</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

| | | |
|--|----------------|---------------------|
| Total fund balances for governmental funds at June 30, 2019 | | \$ 811,494 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Land | \$ 224,034 | |
| Buildings and improvements, net of \$815,031 accumulated depreciation | 882,821 | |
| Machinery and equipment, net of \$990,304 accumulated depreciation | 44,615 | |
| Vehicles, net of \$168,494 accumulated depreciation | <u>53,168</u> | 1,204,638 |
| The deferred outflows of expenditures for the municipal and police employees retirement systems are not a use of current resources, and therefore, are not reported in the funds | | |
| | | 177,946 |
| Long-term liabilities of governmental activities are not payable from current resources and, therefore, not reported in the funds. These liabilities consist of: | | |
| Capital lease payable | (5,986) | |
| Loan payable | (4,101) | |
| Revenue bonds payable | (136,000) | |
| Net pension liability | (637,564) | |
| Accrued interest payable | <u>(1,005)</u> | (784,656) |
| The deferred inflows of contributions for the municipal and police employees retirement systems are not available resources, and therefore, are not reported in the funds | | |
| | | <u>(36,659)</u> |
| Total net position of governmental activities at June 30, 2019 | | <u>\$ 1,372,763</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2019

| | General | Sales Tax Special Revenue | Debt Service Fund | Total |
|--|------------|---------------------------------|-------------------------|--------------|
| Revenues: | | | | |
| Taxes | \$ 268,885 | \$ 739,665 | \$ - | \$ 1,008,550 |
| Licenses and permits | 178,455 | - | - | 178,455 |
| Intergovernmental | 98,351 | - | - | 98,351 |
| Fines and forfeits | 270,380 | - | - | 270,380 |
| Miscellaneous | 32,297 | 178 | - | 32,475 |
| Total revenues | 848,368 | 739,843 | - | 1,588,211 |
| Expenditures: | | | | |
| Current - | | | | |
| General government | 539,803 | 10,404 | - | 550,207 |
| Public safety - | | | | |
| Police | 684,298 | - | - | 684,298 |
| Fire | 164,469 | - | - | 164,469 |
| Streets | 216,369 | - | - | 216,369 |
| Debt service - | | | | |
| Principal | 2,400 | - | 16,000 | 18,400 |
| Interest and fiscal charges | - | - | 6,282 | 6,282 |
| Capital outlay | 4,387 | - | - | 4,387 |
| Total expenditures | 1,611,726 | 10,404 | 22,282 | 1,644,412 |
| Excess (deficiency) of revenues over expenditures | (763,358) | 729,439 | (22,282) | (56,201) |
| Other financing sources (uses): | | | | |
| Capital-related debt issued | 4,387 | - | - | 4,387 |
| Transfers in | 804,044 | - | 22,848 | 826,892 |
| Transfers out | - | (688,892) | - | (688,892) |
| Total other financing sources (uses) | 808,431 | (688,892) | 22,848 | 142,387 |
| Net changes in fund balances | 45,073 | 40,547 | 566 | 86,186 |
| Fund balances, beginning | 385,084 | 328,452 | 11,772 | 725,308 |
| Fund balances, ending | \$ 430,157 | \$ 368,999 | \$ 12,338 | \$ 811,494 |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

| | | |
|---|------------------|--------------------|
| Total net changes in fund balances at June 30, 2019 per statement of revenues, expenditures and changes in fund balances | | \$ 86,186 |
| The change in net position reported for governmental activities in the statement of activities is different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlay which are considered expenditures on the statement of revenues, expenditures and changes in fund balances | \$ 4,387 | |
| Depreciation expense for the year ended June 30, 2019 | <u>(102,097)</u> | (97,710) |
| Non-employer's contributions to the municipal employees and the police employees pension plans | | 10,970 |
| Principal payments on long-term debt considered as an expenditure on the statement of revenues, expenditures, and changes in fund balances, whereas the payments reduce the balances of capital lease, note, and bonds payables on the statement of net position | | 18,400 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | |
| Capital lease payable | | (4,387) |
| Differences between the amount reported as expenses in the statement of activities and those reported as expenditures in the fund financial statements: | | |
| Pension expense | (65,864) | |
| Interest expense | <u>101</u> | <u>(65,763)</u> |
| Total changes in net position at June 30, 2019 per statement of activities | | \$ <u>(52,304)</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2019

| | <u>Enterprise Fund</u> |
|---|----------------------------|
| ASSETS | |
| Current assets: | |
| Cash and interest-bearing demand deposits | \$ 42,626 |
| Interest-bearing time deposits | 1,060 |
| Accounts receivable, net | 35,023 |
| Due from other governments | <u>159,387</u> |
| Total current assets | <u>238,096</u> |
| Noncurrent assets: | |
| Restricted assets - | |
| Cash and interest-bearing demand deposits | 107,872 |
| Interest-bearing time deposits | 26,225 |
| Capital assets, net of accumulated depreciation | <u>2,294,566</u> |
| Total noncurrent assets | <u>2,428,663</u> |
| Total assets | <u>2,666,759</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | <u>11,008</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 19,447 |
| Contracts payable | 147,587 |
| Retainage payable | 38,710 |
| Accrued liabilities | 2,771 |
| Due to other funds | 165,148 |
| Customer deposits payable | 107,525 |
| Bonds payable | <u>17,000</u> |
| Total current liabilities | <u>498,188</u> |
| Noncurrent liabilities: | |
| Bonds payable | 408,000 |
| Net pension liability | <u>39,763</u> |
| Total noncurrent liabilities | <u>447,763</u> |
| Total liabilities | <u>945,951</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | <u>2,245</u> |
| NET POSITION | |
| Net investment in capital assets | 1,683,269 |
| Unrestricted | <u>46,302</u> |
| Total net position | <u>\$ 1,729,571</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 For the Year Ended June 30, 2019

| | <u>Enterprise Fund</u> |
|-----------------------------|----------------------------|
| Operating revenues: | |
| Charges for services - | |
| Gas charges | \$ 233,217 |
| Water charges | 237,967 |
| Sewer service charges | 167,378 |
| Miscellaneous | <u>73,013</u> |
| Total operating revenues | <u>711,575</u> |
| Operating expenses: | |
| Salaries | 121,494 |
| Payroll taxes | 9,246 |
| Retirement | (22,270) |
| Meter reading | 11,056 |
| Gas purchases | 68,303 |
| Survey and analysis expense | 27,832 |
| Materials and supplies | 77,617 |
| State mandated water fee | 11,587 |
| Office supplies and postage | 9,280 |
| Repairs and maintenance | 60,010 |
| Insurance | 48,911 |
| Utilities | 43,891 |
| Telephone | 7,593 |
| Internet | 3,253 |
| Auto expense | 3,586 |
| Accounting and audit | 25,423 |
| Engineering | 23,561 |
| Contract labor | 2,883 |
| Miscellaneous | 12,297 |
| Depreciation | <u>113,223</u> |
| Total operating expenses | <u>658,776</u> |
| Operating income | <u>52,799</u> |

(continued)

TOWN OF SUNSET, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2019

| | <u>Enterprise Fund</u> |
|---|----------------------------|
| Nonoperating revenues (expenses): | |
| Interest income | 4 |
| Interest expense | (9,007) |
| Non-employer pension contribution | <u>599</u> |
| Total nonoperating revenues (expenses) | <u>(8,404)</u> |
| Income before contributions and transfers | 44,395 |
| Capital contributions | 479,978 |
| Transfers: | |
| Transfers to General Fund | <u>(138,000)</u> |
| Change in net position | 386,373 |
| Net position, beginning | <u>1,343,198</u> |
| Net position, ending | <u>\$ 1,729,571</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2019

| | <u>Enterprise Fund</u> |
|---|----------------------------|
| Cash flows from operating activities: | |
| Receipts from customers | \$ 692,445 |
| Payments to suppliers | (421,152) |
| Payments to employees | <u>(133,811)</u> |
| Net cash provided by operating activities | <u>137,482</u> |
| Cash flows from noncapital financing activities: | |
| Cash received by other funds | 86,197 |
| Transfers to other funds | <u>(138,000)</u> |
| Net cash used by noncapital financing activities | <u>(51,803)</u> |
| Cash flows from capital and related financing activities: | |
| Proceeds from loan payable | 91,274 |
| Payments on loan payable | (15,000) |
| Grants received | 320,591 |
| Interest paid on loan | (9,007) |
| Decrease in customer deposits payable | (12,200) |
| Acquisition of property, plant and equipment | <u>(505,774)</u> |
| Net cash used by capital and related financing activities | <u>(130,116)</u> |
| Cash flows from investing activities: | |
| Maturities of interest-bearing time deposits | 27,280 |
| Purchase of interest-bearing time deposits | (27,285) |
| Interest on interest-bearing deposits | <u>4</u> |
| Net cash used by investing activities | <u>(1)</u> |
| Net decrease in cash and cash equivalents | (44,438) |
| Cash and cash equivalents, beginning of period | <u>194,936</u> |
| Cash and cash equivalents, end of period | <u>\$ 150,498</u> |

(continued)

TOWN OF SUNSET, LOUISIANA

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2019

| | <u>Enterprise Fund</u> |
|---|----------------------------|
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 52,799 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 113,223 |
| Pension expense | (25,987) |
| Provision for uncollectible accounts | (1,467) |
| Changes in current assets and liabilities: | |
| Decrease in accounts receivable | 17,663 |
| Decrease in accounts payable | (15,641) |
| Decrease in accrued liabilities | <u>(3,108)</u> |
| Net cash provided by operating activities | <u>\$ 137,482</u> |
| Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position: | |
| Cash and cash equivalents, beginning of period - | |
| Cash - unrestricted | \$ 101,431 |
| Cash - restricted | <u>93,505</u> |
| Total cash and cash equivalents | <u>194,936</u> |
| Cash and cash equivalents, end of period - | |
| Cash - unrestricted | 42,626 |
| Cash - restricted | <u>107,872</u> |
| Total cash and cash equivalents | <u>150,498</u> |
| Net decrease | <u>\$ (44,438)</u> |

The accompanying notes are an integral part of the basic financial statements.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Sunset (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A Financial Reporting Entity

The Town of Sunset was incorporated in 1909 under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property.
2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component unit with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

The Town of Sunset is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated since funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Several funds of the Town are considered to be major funds and are described below:

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

Sales Tax Fund -

The Sales Tax Fund is used to account for the proceeds of two one percent sales and use taxes that are legally restricted to expenditures for specific purposes.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Debt Service Fund -

The Debt Service Fund is used to account for the payment of the principal and interest on the City's 2010 Excess Revenue Bonds.

Proprietary Fund -

Enterprise Fund -

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund. The Town's enterprise fund is the Utility Fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposits with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicates the uncollectibility of the receivable. Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the adjustment of an allowance account to the balance of individual of accounts over 90 days old at the end of each fiscal year. The allowance for uncollectible utility receivables was \$35,881 at June 30, 2019. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are estimated and recorded at June 30, 2019.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The Town of Sunset maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives is as follows:

| | |
|-------------------------------|--------------|
| Buildings and improvements | 5 - 20 years |
| Machinery and equipment | 3 - 15 years |
| Vehicles | 5 - 10 years |
| Utility system and extensions | 5 - 30 years |

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable, note payable, capital lease payable and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures of revenues, respectively. At June 30, 2019, the Town's deferred outflows and inflows of resources are attributable to its pension plans.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets -- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows or resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position -- Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

- c. Unrestricted net position -- Net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable -- amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted -- amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed -- amounts that can be used only for specific purposes determined by a formal decision of the Town's Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Town.
- d. Assigned -- amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only the Mayor and Board of Aldermen may assign amounts for specified purposes.
- e. Unassigned -- all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in his commitment or assignment actions. Enterprise (Utility) Fund equity at the fund level is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|-------------------------------|----------------------------------|
| Sales tax | See Note 11 |
| Gas, water, and sewer revenue | Utility operations |

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service. Vacation and sick leave must be taken in the year accrued and cannot be carried over. Fulltime employees are eligible for 10 days of sick time per fiscal year. Employees who resign or retire, or who are dismissed from employment, shall not be paid for any accrued sick leave and all such leave shall be cancelled.

H. Capitalization of Interest Expense

It is the policy of the Town of Sunset to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2019, there was no material interest paid on borrowings for assets under construction, and therefore, no capitalized interest expense was recorded on the books.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year.

For the year ended June 30, 2019, taxes of 5.91 mills were levied on property with assessed valuations totaling \$23,884,120 and were dedicated for general corporate purposes. Total taxes levied were \$141,156. Taxes receivable at June 30, 2019 was \$4,437. The allowance for uncollectible accounts was \$1,856 at June 30, 2018; therefore, the net taxes receivable is \$2,219 at June 30, 2019.

(3) Sales and Use Tax

Proceeds of the two 1 percent sales and use taxes (accounted for in the Sales Tax Fund) levied by the Town of Sunset (2019 collections \$678,271) are dedicated to the following purposes:

Constructing and purchasing municipal, fire and police department facilities, furnishings and equipment; opening, construction, and improving drains, drainage canals, and subsurface drainage; constructing, acquiring, or improving any work of public permanent improvements, and purchasing and acquiring all equipment and furnishings for public works, buildings, improvements, and facilities of the Town of Sunset.

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2019, the Town had cash and interest-bearing deposits (book balances) totaling \$850,708 as follows:

| | |
|-------------------------------|-------------------|
| Non interest-bearing deposits | \$ 669,949 |
| Interest-bearing deposits | 145,583 |
| Time deposits | <u>35,176</u> |
| Total | <u>\$ 850,708</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Town or the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deposit balances (bank balances) at June 30, 2019 were secured as follows:

| | |
|---|------------------|
| Bank balances | <u>\$915,379</u> |
| Federal deposit insurance | 500,000 |
| Pledged securities | <u>415,379</u> |
| Total insured and secured bank balances | <u>\$915,379</u> |

Deposits in the amount of \$415,379 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. The Town does not have a policy for custodial credit risk.

(5) Receivables

Receivables at June 30, 2019 consist of the following:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|------------------|------------------------------------|-------------------------------------|------------------|
| Accounts | \$ - | \$ 21,508 | \$ 21,508 |
| Unbilled utility | - | 13,515 | 13,515 |
| Ad valorem taxes | 2,218 | - | 2,218 |
| Franchise taxes | 29,192 | - | 29,192 |
| Other | <u>4,858</u> | <u>-</u> | <u>4,858</u> |
| Totals | <u>\$ 36,268</u> | <u>\$ 35,023</u> | <u>\$ 71,291</u> |

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2019 consisted of the following:

General Fund:

| | |
|---|-----------------|
| Amount due from the Louisiana Municipal Advisory and Technical Services Bureau for insurance occupational licenses revenue earned through June 2019 | \$ 3,348 |
| Amount due from State of Louisiana for beer tax revenue earned through June 2019 | 1,269 |
| Amount due from State of Louisiana for racino revenue earned through June 2019 | <u>7,711</u> |
| Total | <u>\$12,328</u> |

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Restricted Assets - Proprietary Fund

Restricted assets in the business-type activities consisted of the following: customers' deposits \$107,525, sinking fund \$14,812, reserve fund \$9,450, and contingency fund \$2,310.

(8) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2019:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|-------------------------------|------------------------------------|-------------------------------------|------------------|
| Accounts | \$32,421 | \$ 19,446 | \$ 51,867 |
| Contracts payable | - | 147,587 | 147,587 |
| Retainage payable | - | 38,710 | 38,710 |
| Accrued salaries and benefits | 23,144 | 2,772 | 25,916 |
| Accrued interest | 1,005 | - | 1,005 |
| Cash bonds payable | <u>19,610</u> | <u>-</u> | <u>19,610</u> |
| Totals | <u>\$76,180</u> | <u>\$208,515</u> | <u>\$284,695</u> |

(9) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

| | <u>Balance 07/01/18</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 06/30/19</u> |
|---|-----------------------------|--------------------|------------------|-----------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 224,034 | \$ - | \$ - | \$ 224,034 |
| Other capital assets: | | | | |
| Buildings and improvements | 1,697,851 | - | - | 1,697,851 |
| Machinery and equipment | 1,030,533 | 4,387 | - | 1,034,920 |
| Vehicles | <u>221,662</u> | <u>-</u> | <u>-</u> | <u>221,662</u> |
| Totals | <u>3,174,080</u> | <u>4,387</u> | <u>-</u> | <u>3,178,467</u> |
| Less accumulated depreciation | | | | |
| Buildings and improvements | 747,284 | 67,747 | - | 815,031 |
| Machinery and equipment | 976,530 | 13,774 | - | 990,304 |
| Vehicles | <u>147,918</u> | <u>20,576</u> | <u>-</u> | <u>168,494</u> |
| Total accumulated depreciation | <u>1,871,732</u> | <u>102,097</u> | <u>-</u> | <u>1,973,829</u> |
| Governmental activities, capital assets, net | <u>\$1,302,348</u> | <u>\$ (97,710)</u> | <u>\$ -</u> | <u>\$1,204,638</u> |

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

| | Balance 07/01/18 | Additions | Deletions | Balance 06/30/19 |
|--|---------------------|--------------------|-------------------|---------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 75,210 | \$ - | \$ - | \$ 75,210 |
| Construction in progress | 509,021 | 537,975 | 553,311 | 493,685 |
| Other capital assets: | | | | |
| Utility system and extensions | 6,507,051 | 628,863 | - | 7,135,914 |
| Machinery and equipment | 45,021 | - | - | 45,021 |
| Vehicles | 26,589 | 10,000 | - | 36,589 |
| Totals | <u>7,162,892</u> | <u>1,176,838</u> | <u>553,311</u> | <u>7,786,419</u> |
| Less accumulated depreciation | | | | |
| Utility system and extensions | 5,310,271 | 110,477 | - | 5,420,748 |
| Machinery and equipment | 43,109 | 907 | - | 44,016 |
| Vehicles | 25,250 | 1,839 | - | 27,089 |
| Total accumulated depreciation | <u>5,378,630</u> | <u>113,223</u> | <u>-</u> | <u>5,491,853</u> |
| Business-type activities, capital assets, net | <u>\$1,784,262</u> | <u>\$1,063,615</u> | <u>\$ 553,311</u> | <u>\$2,294,566</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|--|------------------|
| General government | \$ 65,182 |
| Police | 26,362 |
| Fire | 9,689 |
| Streets | 864 |
| Total depreciation expense-governmental activities | <u>\$102,097</u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|---|------------------|
| Gas system | \$ 1,001 |
| Water system | 77,527 |
| Sewer system | 34,695 |
| Total depreciation expense-business-type activities | <u>\$113,223</u> |

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Long-term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2019:

| | Governmental Activities | | | Business-type Activities |
|--------------------------------------|-------------------------|-----------------|-----------------|--------------------------|
| | Revenue Bonds | Loan Payable | Capital Lease | Revenue Bonds |
| Long-term liabilities, July 1, 2018 | \$152,000 | \$ 4,101 | \$ 3,999 | \$ 367,005 |
| Additions | - | - | 4,387 | 91,274 |
| Deletions | (16,000) | - | (2,400) | (47,768) |
| Long-term liabilities, June 30, 2019 | <u>\$136,000</u> | <u>\$ 4,101</u> | <u>\$ 5,986</u> | <u>\$ 410,511</u> |

Long-term debt at June 30, 2019 is comprised of the following:

| | Total | Current Portion |
|--|------------------|-----------------|
| Governmental Activities: | | |
| Revenue Bonds Payable - | | |
| \$250,000 Excess Revenue Bonds, Series 2010 due in annual installments ranging from \$14,000 to \$23,000 through November 1, 2025; interest at 3.5% to 4.85%; secured by a pledge of and payable solely from the proceeds of sales tax revenues. | \$136,000 | \$17,000 |
| Loan Payable - | | |
| \$40,101 noninterest bearing loan payable to the Town of Grand Coteau due in annual installments of \$6,000, with one final installment of \$4,101 due in 2019, secured by excess General Fund and sales tax revenues. | 4,101 | 4,101 |
| Capital Lease Payable - | | |
| \$11,999 equipment lease dated January 29, 2015 due in monthly installments of \$200 through 2020, secured by excess General Fund revenues and an asset with a carrying value of \$1,399 at June 30, 2019. Amortization in the amount of \$2,400 is included in depreciation expense for the year ended June 30, 2019. | 1,599 | 1,599 |
| \$4,387 equipment lease dated March 25, 2019 due in monthly installments of \$104 through 2024, secured by excess General Fund revenues and an asset with a carrying value of \$4,241 at June 30, 2019. Amortization in the amount of \$146 is included in the depreciation expense for the year ended June 30, 2019. | 4,387 | 818 |
| Total governmental activities | <u>\$146,087</u> | <u>\$23,518</u> |

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Business-Type Activities:

Utility Revenue Bonds Payable -

\$440,000 Taxable Utility Revenue Bonds, Series 2017 due in annual installments ranging from \$17,000 to \$27,000 through October 1, 2037; interest at 1.95%; secured by excess utility revenues.

\$410,511 \$17,000

The Town borrowed \$550,000 (of which \$110,000 was forgiven) from the Louisiana Department of Health and Hospitals as an interim loan to finance the cost of an automated water meter reading system. Upon completion of the project, the Town issued taxable utilities revenue bonds for permanent financing. The forgiveness of debt is recorded as a capital contribution in the Proprietary Fund statement of revenues, expenses, and changes in fund net position.

The annual requirements to amortize the outstanding debt as of June 30, 2019 are as follows:

| <u>Year Ended June 30,</u> | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|----------------------------|--------------------------------|------------------|---------------------------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2020 | 23,518 | 6,428 | 16,420 | 7,807 |
| 2021 | 17,771 | 5,481 | 18,352 | 7,468 |
| 2022 | 18,891 | 4,629 | 18,352 | 7,110 |
| 2023 | 20,030 | 3,690 | 19,318 | 6,752 |
| 2024-2037 | <u>65,877</u> | <u>4,848</u> | <u>338,068</u> | <u>52,144</u> |
| Total | <u>\$ 146,087</u> | <u>\$ 25,076</u> | <u>\$410,510</u> | <u>\$ 81,281</u> |

(11) Flow of Funds; Restrictions on Use - Sales Tax Revenues

The \$250,000 excess revenue bonds issued on November 22, 2010 require that a portion of the sales tax revenues from the Sales Tax Fund be pledged and dedicated to the retirement of the said bonds. Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" the amount of \$1,920. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

(12) Employee Retirement Systems

The Town participates in two cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all Town employees participate in one of the following retirement systems. The systems' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Plan Descriptions:

Municipal Employees' Retirement Systems (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The Government participates in Plan A.

State of Louisiana - Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:2211 and 11:2220.

A brief summary of eligibility and benefits of the plans are provided in the following table:

| | <u>MERS</u> | <u>MPERS</u> |
|--|---|---|
| Final average salary | Final average compensation | Highest 36 months or 60 months ² |
| Years of service required and/or age eligible for benefits | 25 years of any age 10 years age 60 20 years any age ¹ | 25 years of any age 20 years age 55 12 years age 55 20 years any age ¹ 30 years any age ³ 25 years age 55 ³ 10 years age 60 ³ |
| Benefit percent per years of service | 3.00% | 2.50 - 3.33% ⁴ |

¹ With actuarial reduced benefits

² Membership commencing January 1, 2013

³ Under non hazardous duty sub plan commencing January 1, 2013

⁴ Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, membership prior to January 1, 2013 3.33%.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2019 for the defined benefit pension plans in which the Town is a participating employer were as follows:

| <u>Plan</u> | <u>Active Member Contribution Percentage</u> | <u>Employer Contribution Percentage</u> | <u>Nonemployer Contributing Entities</u> | <u>Government Contributions</u> |
|-------------|--|---|--|-------------------------------------|
| MERS | 9.50% | 26.00% | \$ 7,719 | \$ 47,835 |
| MPERS | 10.00% | 32.25% | \$ 3,850 | \$ 18,566 |

Net Pension Liability

The Town's net pension liability at June 30, 2019 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the Town is a participating employer. The Town's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2018 for both plans) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension liability for each of the plans in which it participates was based on the Town's required contributions in proportion to total required contributions for all employers. As of the most recent measurement date, the Town's proportion for each plan and the change in proportion from the prior measurement date were as follows:

| <u>Plan</u> | <u>Proportionate Share of Net Pension Liability</u> | <u>Proportionate Share (%) of Net Pension Liability</u> | <u>Increase/(Decrease) from Prior Measurement Date</u> |
|-------------|---|---|--|
| MERS | \$ 512,405 | 0.123749% | -0.001824% |
| MPERS | <u>164,922</u> | 0.019508% | 0.000965% |
| Total | <u>\$ 677,327</u> | | |

Since the measurement date of the net pension liability was June 30, 2018, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

- MERS - <http://www.mersla.com/>
- MPERS - <http://lampers.org/>

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the primary government is a participating employer:

| | MERS | MPERS |
|---|-------------------------|-------------------------|
| Date of experience study on which significant assumptions are based | 7/1/2009 - 6/30/2014 | 7/1/2009 - 6/30/2014 |
| Expected remaining service lives | 3 | 4 |
| Inflation Rate | 2.600% | 2.60% |
| Projected salary increases | 5.0% | 4.25% - 9.75% |
| Projected benefit changes including COLAs | None | None |
| Source of mortality assumptions | (1), (2), (3) | (3), (4), (5) |

- (1) RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA for healthy annuitants and beneficiaries
- (2) RP-2000 Employees Sex Distinct Table set back 2 years for both males and females
- (3) RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females
- (4) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by scale AA (set back 1 year for females) for healthy annuitants and beneficiaries
- (5) RP-2000 Employee Table set back 4 years for males and set back 3 years for females for active members

Cost of Living Adjustments

The pension plans in which the Town participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis.

Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS and MPERS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Discount Rate

The discount rates used to measure the Town's total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

| | <u>MERS</u> | <u>MPERS</u> |
|--|-------------|--------------|
| Discount rate | 7.275% | 7.20% |
| Change in discount rate from prior valuation | -0.13% | -0.125% |
| Plan cash flow assumptions | (1) | (1) |
| Rates incorporated in the Discount Rate: | | |
| Long-term Rate of Return | 7.275% | 7.20% |
| Periods applied | All | All |
| Municipal Bond Rate | N/A | N/A |

*Plan Cash Flow Assumptions:

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the Town's total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MERS and MPERS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

| <u>Asset Class</u> | <u>MERS*</u> | | <u>MPERS*</u> | |
|-------------------------|----------------------|---|----------------------|---|
| | Target Allocation | Long-term Expected Real Rate of Return | Target Allocation | Long-term Expected Real Rate of Return |
| Fixed Income | 35% | 1.50% | 22% | 0.46% |
| Equities | 50% | 2.20% | 52% | 3.58% |
| Alternative Investments | 15% | 0.60% | 20% | 1.07% |
| Other | - | - | 6% | 0.17% |
| Totals | <u>100%</u> | <u>4.30%</u> | <u>100%</u> | <u>5.28%</u> |
| Inflation | | <u>2.70%</u> | | <u>2.75%</u> |
| Expected Nominal Return | | <u>7.00%</u> | | <u>8.03%</u> |

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over several years. For the year ended June 30, 2019, the Town recognized \$80,525 and \$25,753 in pension expense related to the MERS and MPERS defined benefit plans, respectively.

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | |
|--|--------------------------------|------------------|-------------------|
| | MERS | MPERS | Total |
| Differences between expected and actual experiences | \$ - | \$ 743 | \$ 743 |
| Changes of assumptions | 15,425 | 10,778 | 26,203 |
| Net difference between projected and actual earnings on pension plan investments | 78,522 | 7,906 | 86,428 |
| Change in proportion and differences between employer contributions and proportionate share of contributions | - | 9,178 | 9,178 |
| Employer contributions subsequent to the measurement date | 47,835 | 18,566 | 66,401 |
| Total | <u>\$ 141,782</u> | <u>\$ 47,171</u> | <u>\$ 188,953</u> |

| | Deferred Inflows of Resources | | |
|--|-------------------------------|-----------------|------------------|
| | MERS | MPERS | Total |
| Differences between expected and actual experiences | \$ 18,218 | \$ 8,428 | \$ 26,646 |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 10,712 | 1,545 | 12,257 |
| Total | <u>\$ 28,930</u> | <u>\$ 9,973</u> | <u>\$ 38,903</u> |

Deferred outflows of resources of \$66,401 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

| Year Ended June 30 | MERS | MPERS | Total |
|-----------------------|------------------|------------------|------------------|
| 6/30/2020 | \$ 34,020 | \$ 11,725 | \$ 45,745 |
| 6/30/2021 | 21,827 | 9,244 | 31,071 |
| 6/30/2022 | 6,926 | (2,622) | 4,304 |
| 6/30/2023 | 2,244 | 285 | 2,529 |
| | <u>\$ 65,017</u> | <u>\$ 18,632</u> | <u>\$ 83,649</u> |

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

Sensitivity of the Government's Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the Government's proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Government's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| Plan | Current Discount Rate | Net Pension Liability | | |
|-------|--------------------------|-----------------------|--------------------------|-------------------|
| | | 1% Decrease | Current Discount Rate | 1% Increase |
| MERS | 7.275% | \$ 658,231 | \$ 512,405 | \$ 387,937 |
| MPERS | 7.20% | 231,761 | 164,922 | 108,846 |
| Total | | <u>\$ 889,992</u> | <u>\$ 677,327</u> | <u>\$ 496,783</u> |

Payables to the Pension Plans

At June 30, 2019, the Town's payables were \$4,517 and \$1,871 to MERS and MPERS, respectively, for the month of June 2019, which were the contractually required contributions.

(13) On-Behalf Payment of Salaries

The State of Louisiana paid the Town's policemen and firemen \$25,583 and \$12,000, respectively, of supplemental pay during the year ended June 30, 2019. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(14) Operating Lease

In November 2016, the Town entered into an operating lease for a copier. The initial term of the lease is for five years commencing on the effective date and ending on November 2020 at a rate of \$75 per month. Lease expense related to the copier totaled \$900 for the year ended June 30, 2019.

Future minimum lease payments are as follows:

| | |
|---------------------|-----------------|
| Year Ended June 30, | |
| 2020 | 900 |
| 2021 | 375 |
| | <u>\$ 1,275</u> |

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2019:

| | <u>Receivable</u> | <u>Payable</u> |
|--------------------------------|-------------------|------------------|
| Major funds: | | |
| Governmental funds: | | |
| General Fund | \$228,436 | \$262,309 |
| Sales Tax Special Revenue Fund | 248,028 | - |
| Debt Service Fund | - | 49,007 |
| Proprietary fund: | | |
| Utility Fund | - | 165,148 |
| Total | <u>\$476,464</u> | <u>\$476,464</u> |

Transfers are recorded in the year in which they were budgeted. However, the amounts are not always paid in that same year. These balances are expected to be paid within the next fiscal year.

B. Interfund Transfers

Interfund transfers consisted of the following at June 30, 2019:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------------|---------------------|----------------------|
| Major funds: | | |
| Governmental funds: | | |
| General Fund | \$ 804,044 | \$ - |
| Sales Tax Special Revenue Fund | - | 688,892 |
| Debt Service Fund | 22,848 | |
| Proprietary fund: | | |
| Utility Fund | - | 138,000 |
| Total | <u>\$ 826,892</u> | <u>\$ 826,892</u> |

Transfers are made to the General Fund for the normal operations of the Town. The amounts each fund will transfer are calculated as part of the budget preparation process. These amounts reflect each fund's proportionate share of expenses paid out of the General Fund.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(17) Pending Litigation

At June 30, 2019, the Town is involved in one lawsuit claiming damages. In the opinion of the Town's legal counsel, the only exposure to the Town would be any costs in defense of the lawsuit with no liability in excess of insurance coverage.

(18) Compensation of Board of Aldermen

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2019 follows:

Aldermen:

| | |
|----------------------|------------------|
| Bernice Smith | \$ 7,875 |
| Craig Belson, Sr. | 3,000 |
| Rasida Charlot | 3,550 |
| Robert L. Carmouche | 6,550 |
| Jarrod Shaw | 6,550 |
| Whitney Broussard II | 6,550 |
| | <u>\$ 34,075</u> |

(19) Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity Head

Under Act 706, the Town of Sunset is required to disclose the compensation, reimbursements, benefits, and other payments made to the Mayor. The following is a schedule of payments made to the Mayor for the year ended June 30, 2019:

| | |
|-------------------|----------|
| Salary | \$11,800 |
| Registration fees | 495 |
| Conference travel | 1,253 |
| Per diem - meals | 270 |

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | (Negative) |
| Revenues: | | | | |
| Taxes | \$ 269,500 | \$ 280,342 | \$ 268,885 | \$ (11,457) |
| Licenses and permits | 125,000 | 129,687 | 178,455 | 48,768 |
| Intergovernmental | 102,790 | 100,958 | 98,351 | (2,607) |
| Fines and forfeits | 320,000 | 293,328 | 270,380 | (22,948) |
| Miscellaneous | 20,000 | 26,860 | 32,297 | 5,437 |
| Total revenues | <u>837,290</u> | <u>831,175</u> | <u>848,368</u> | <u>17,193</u> |
| Expenditures: | | | | |
| General government | 447,750 | 499,911 | 539,803 | (39,892) |
| Public safety - | | | | |
| Police | 718,970 | 689,431 | 684,298 | 5,133 |
| Fire | 167,745 | 170,788 | 164,469 | 6,319 |
| Streets | 233,785 | 207,407 | 216,369 | (8,962) |
| Debt service | 8,400 | 6,501 | 2,400 | 4,101 |
| Capital outlay | - | 4,387 | 4,387 | - |
| Total expenditures | <u>1,576,650</u> | <u>1,578,425</u> | <u>1,611,726</u> | <u>(33,301)</u> |
| Deficiency of revenues over expenditures | <u>(739,360)</u> | <u>(747,250)</u> | <u>(763,358)</u> | <u>(16,108)</u> |
| Other financing sources (uses): | | | | |
| Capital-related debt issued | - | 4,387 | 4,387 | - |
| Transfer from Sales Tax Fund | 565,000 | 763,000 | 666,044 | (96,956) |
| Transfer from Utility Fund | 200,000 | 133,843 | 138,000 | 4,157 |
| Total other financing sources (uses) | <u>765,000</u> | <u>901,230</u> | <u>808,431</u> | <u>(92,799)</u> |
| Net change in fund balances | 25,640 | 153,980 | 45,073 | (108,907) |
| Fund balance, beginning | <u>385,084</u> | <u>385,084</u> | <u>385,084</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 410,724</u> | <u>\$ 539,064</u> | <u>\$ 430,157</u> | <u>\$ (108,907)</u> |

TOWN OF SUNSET, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

| | Budget | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 605,000 | \$ 653,226 | \$ 739,665 | \$ 86,439 |
| Miscellaneous - interest and other | 500 | 250 | 178 | (72) |
| Total revenues | <u>605,500</u> | <u>653,476</u> | <u>739,843</u> | <u>86,367</u> |
| Expenditures: | | | | |
| General government - | | | | |
| Collection fees | 5,800 | 7,000 | 6,873 | 127 |
| Professional fees | 3,500 | 3,750 | 3,477 | 273 |
| Office expense | 60 | 60 | 54 | 6 |
| Miscellaneous | - | - | - | - |
| Total general government | <u>9,360</u> | <u>10,810</u> | <u>10,404</u> | <u>406</u> |
| Excess of revenues over expenditures | <u>596,140</u> | <u>642,666</u> | <u>729,439</u> | <u>86,773</u> |
| Other financing uses: | | | | |
| Transfer to General Fund | (595,000) | (615,000) | (666,044) | (51,044) |
| Transfer to Debt Service Fund | (25,261) | (23,156) | (22,848) | 308 |
| Total other financing uses | <u>(620,261)</u> | <u>(638,156)</u> | <u>(688,892)</u> | <u>(50,736)</u> |
| Net change in fund balance | (24,121) | 4,510 | 40,547 | 36,037 |
| Fund balance, beginning | <u>328,452</u> | <u>328,452</u> | <u>328,452</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 304,331</u> | <u>\$ 332,962</u> | <u>\$ 368,999</u> | <u>\$ 36,037</u> |

TOWN OF SUNSET, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2019

| <u>Plan</u> | <u>Year Ended June 30,</u> | <u>Employer Proportion of the Net Pension Liability (Asset)</u> | <u>Employer Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Employer's Covered Employee Payroll</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|-------------|----------------------------|---|--|--|--|---|
| MERS | 2019 | \$ 512,405 | 0.123749% | \$ 183,981 | 278.51% | 63.94% |
| | 2018 | 525,325 | 0.125573% | 228,047 | 230.36% | 62.49% |
| | 2017 | 540,435 | 0.131855% | 235,886 | 229.11% | 62.11% |
| | 2016 | 438,193 | 0.122669% | 209,368 | 209.29% | 66.18% |
| | 2015 | 317,185 | 0.123589% | 185,377 | 171.10% | 73.99% |
| MPERS | 2019 | \$ 164,922 | 0.019508% | \$ 57,570 | 286.47% | 71.89% |
| | 2018 | 161,888 | 0.018543% | 57,570 | 281.20% | 70.08% |
| | 2017 | 164,999 | 0.017604% | 49,311 | 334.61% | 66.04% |
| | 2016 | 144,419 | 0.018435% | 49,311 | 292.87% | 70.73% |
| | 2015 | 118,509 | 0.018943% | 48,937 | 242.17% | 75.10% |

* The amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF SUNSET, LOUISIANA

Schedule of Employer Pension Contributions
For the Year Ended June 30, 2019

| <u>Plan</u> | <u>Year Ended June 30,</u> | <u>Contractually Required Contribution</u> | <u>Contributions in Relation to Contractual Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered Employee Payroll</u> | <u>Contributions as a % of Covered Employee Payroll</u> |
|-------------|--------------------------------|--|---|---|--|---|
| MERS | 2019 | \$ 47,835 | \$ 47,835 | \$ - | \$ 183,981 | 26.00% |
| | 2018 | 56,402 | 56,402 | - | 227,885 | 24.75% |
| | 2017 | 51,881 | 51,881 | - | 228,047 | 22.75% |
| | 2016 | 46,589 | 46,589 | - | 235,886 | 19.75% |
| | 2015 | 41,350 | 41,350 | - | 209,368 | 19.75% |
| MPERS | 2019 | \$ 18,566 | \$ 18,566 | \$ - | \$ 57,570 | 32.25% |
| | 2018 | 17,703 | 17,703 | - | 57,570 | 30.75% |
| | 2017 | 18,279 | 18,279 | - | 57,570 | 31.75% |
| | 2016 | 14,547 | 14,547 | - | 49,311 | 29.50% |
| | 2015 | 15,533 | 15,533 | - | 49,311 | 31.50% |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF SUNSET, LOUISIANA

Notes to Basic Financial Statements (Continued)

(1) Budget and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk submits, no later than 15 days prior to the beginning of each fiscal year, to the Mayor and Board of Aldermen a proposed operating budget.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

(2) Excess Expenditures Over Appropriations

For the year ended June 30, 2019, the General Fund had actual expenditures over appropriations as follows:

| | Final Budget | Actual | Excess |
|--------------------|-----------------|-----------|-------------|
| General government | \$499,911 | \$539,803 | \$ (39,892) |
| Streets | 207,407 | 216,369 | (8,962) |

(3) Pension Plans

Changes of Assumptions - Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plans.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SUNSET, LOUISIANA

Statement of Net Position

June 30, 2019

With Comparative Totals for June 30, 2018

| | 2019 | | | 2018 Totals |
|---|----------------------------|-----------------------------|---------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and interest-bearing demand deposits | \$ 665,034 | \$ 42,626 | \$ 707,660 | \$ 753,522 |
| Investments | 7,891 | 1,060 | 8,951 | 8,951 |
| Receivables, net | 36,268 | 35,023 | 71,291 | 121,298 |
| Internal balances | 165,148 | (165,148) | - | - |
| Due from other governmental units | 12,328 | 159,387 | 171,715 | 5,628 |
| Total current assets | <u>886,669</u> | <u>72,948</u> | <u>959,617</u> | <u>889,399</u> |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Cash and interest-bearing demand deposits | - | 107,872 | 107,872 | 93,505 |
| Interest-bearing time deposits | - | 26,225 | 26,225 | 26,220 |
| Capital assets, net | 1,204,638 | 2,294,566 | 3,499,204 | 3,086,610 |
| Total noncurrent assets | <u>1,204,638</u> | <u>2,428,663</u> | <u>3,633,301</u> | <u>3,206,335</u> |
| Total assets | <u>2,091,307</u> | <u>2,501,611</u> | <u>4,592,918</u> | <u>4,095,734</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>177,946</u> | <u>11,008</u> | <u>188,954</u> | <u>223,029</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts, salaries and other payables | 76,180 | 208,515 | 284,695 | 181,670 |
| Customers deposits payable | - | 107,525 | 107,525 | 119,725 |
| Capital lease payable | 2,417 | - | 2,417 | 2,400 |
| Loans payable | 4,101 | - | 4,101 | 1,281 |
| Bonds payable | 16,000 | 17,000 | 33,000 | 33,000 |
| Total current liabilities | <u>98,698</u> | <u>333,040</u> | <u>431,738</u> | <u>338,076</u> |
| Noncurrent liabilities: | | | | |
| Capital lease payable | 3,569 | - | 3,569 | 1,599 |
| Bonds payable | 120,000 | 408,000 | 528,000 | 488,825 |
| Net pension liability | 637,564 | 39,763 | 677,327 | 687,213 |
| Total noncurrent liabilities | <u>761,133</u> | <u>447,763</u> | <u>1,208,896</u> | <u>1,177,637</u> |
| Total liabilities | <u>859,831</u> | <u>780,803</u> | <u>1,640,634</u> | <u>1,515,713</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>36,659</u> | <u>2,245</u> | <u>38,904</u> | <u>34,785</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 1,062,652 | 1,683,269 | 2,745,921 | 2,513,341 |
| Restricted for sales tax dedications | 368,999 | - | 368,999 | 328,452 |
| Restricted for debt service | 11,333 | - | 11,333 | 10,666 |
| Unrestricted (deficit) | (70,221) | 46,302 | (23,919) | (84,194) |
| Total net position | <u>\$ 1,372,763</u> | <u>\$ 1,729,571</u> | <u>\$ 3,102,334</u> | <u>\$ 2,768,265</u> |

TOWN OF SUNSET, LOUISIANA

Balance Sheet
 General and Special Revenue Funds
 June 30, 2019
 With Comparative Totals for June 30, 2018

| | General | | Sales Tax Special Revenue | |
|---|-------------------|-------------------|------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| ASSETS | | | | |
| Cash and interest-bearing demand deposits | \$ 482,718 | \$ 400,888 | \$ 120,971 | \$ 188,627 |
| Interest-bearing time deposits | 7,891 | 7,891 | - | - |
| Receivables: | | | | |
| Ad valorem taxes | 2,218 | 1,856 | - | - |
| Franchise taxes | 29,192 | 27,035 | - | - |
| Due from other governmental units | 12,328 | 5,628 | - | - |
| Due from other funds | 228,436 | 142,239 | 248,028 | 139,825 |
| Other | 2,774 | 41,188 | - | - |
| Total assets | <u>\$ 765,557</u> | <u>\$ 626,725</u> | <u>\$ 368,999</u> | <u>\$ 328,452</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 32,421 | \$ 32,213 | \$ - | \$ - |
| Salaries and related benefits | 23,144 | 31,759 | - | - |
| Cash bonds payable | 19,610 | 25,360 | - | - |
| Due to other funds | 262,309 | 152,309 | - | - |
| Total liabilities | <u>337,484</u> | <u>241,641</u> | <u>-</u> | <u>-</u> |
| Fund balances - | | | | |
| Restricted: | | | | |
| Sales tax dedications | - | - | 368,999 | 328,452 |
| Unassigned | 428,073 | 385,084 | - | - |
| Total fund balances | <u>428,073</u> | <u>385,084</u> | <u>368,999</u> | <u>328,452</u> |
| Total liabilities and fund balances | <u>\$ 765,557</u> | <u>\$ 626,725</u> | <u>\$ 368,999</u> | <u>\$ 328,452</u> |

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

| | 2019 | | | Variance with Final Budget Positive (Negative) | 2018 Actual |
|-----------------------------|------------------|-------------------|-------------------|---|-------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Taxes: | | | | | |
| Ad valorem | \$ 130,000 | \$ 141,007 | \$ 141,858 | \$ 851 | \$ 132,200 |
| Payments in lieu of taxes | 10,500 | 10,000 | - | (10,000) | 9,962 |
| Franchise - | | | | | |
| Electric | 125,000 | 124,422 | 122,163 | (2,259) | 127,524 |
| Cable television | 1,000 | 2,000 | 1,730 | (270) | 2,212 |
| Telephone | 3,000 | 2,913 | 3,134 | 221 | 2,853 |
| Total taxes | <u>269,500</u> | <u>280,342</u> | <u>268,885</u> | <u>(11,457)</u> | <u>274,751</u> |
| Licenses and permits | <u>125,000</u> | <u>129,687</u> | <u>178,455</u> | <u>48,768</u> | <u>140,835</u> |
| Intergovernmental: | | | | | |
| State of Louisiana - | | | | | |
| Beer taxes | 5,500 | 5,168 | 4,960 | (208) | 5,188 |
| Fire insurance rebate | 9,400 | 9,400 | 9,220 | (180) | 9,295 |
| Racino income | 40,000 | 43,000 | 43,343 | 343 | 42,830 |
| On-behalf payments | 42,000 | 37,500 | 37,583 | 83 | 42,049 |
| Grass cutting | 5,890 | 5,890 | 3,245 | (2,645) | 6,040 |
| Total intergovernmental | <u>102,790</u> | <u>100,958</u> | <u>98,351</u> | <u>(2,607)</u> | <u>105,402</u> |
| Fines and forfeits | | | | | |
| Court fines | 155,000 | 115,853 | 118,964 | 3,111 | 168,603 |
| Step tickets | 165,000 | 177,475 | 151,416 | (26,059) | 176,566 |
| Total fine's and forfeits | <u>320,000</u> | <u>293,328</u> | <u>270,380</u> | <u>(22,948)</u> | <u>345,169</u> |
| Miscellaneous: | | | | | |
| Community Center | 5,000 | 3,867 | 4,900 | 1,033 | 6,540 |
| First response donations | 4,000 | 5,227 | 5,052 | (175) | 3,921 |
| Miscellaneous donations | 1,000 | 35 | 1,726 | 1,691 | 4,329 |
| Interest income | - | 250 | - | (250) | 250 |
| Other miscellaneous revenue | 10,000 | 17,481 | 20,619 | 3,138 | 8,123 |
| Total miscellaneous | <u>20,000</u> | <u>26,860</u> | <u>32,297</u> | <u>5,437</u> | <u>23,163</u> |
| Total revenues | <u>\$837,290</u> | <u>\$ 831,175</u> | <u>\$ 848,368</u> | <u>\$ 17,193</u> | <u>\$ 889,320</u> |

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

| | 2019 | | | | |
|------------------------------|----------------|----------------|----------------|-------------------------------|----------------|
| | Budget | | Actual | Variance with Final Budget | 2018 Actual |
| | Original | Final | | Positive (Negative) | |
| Current: | | | | | |
| General government - | | | | | |
| Salaries - Mayor and council | \$41,310 | \$42,000 | \$45,875 | \$ (3,875) | \$41,650 |
| Salaries - clerical | 109,865 | 118,849 | 117,325 | 1,524 | 113,934 |
| Payroll taxes | 11,550 | 12,305 | 12,138 | 167 | 11,509 |
| Retirement | 26,985 | 26,986 | 28,546 | (1,560) | 26,583 |
| Office supplies and postage | 27,000 | 32,513 | 36,858 | (4,345) | 32,490 |
| Conventions and meetings | 7,000 | 5,068 | 9,691 | (4,623) | 6,217 |
| Advertising and publications | 6,000 | 2,073 | 2,182 | (109) | 3,668 |
| Preparation of tax roll | - | 5,933 | 5,933 | - | 6,322 |
| Insurance | 96,400 | 104,669 | 107,117 | (2,448) | 96,025 |
| Legal and professional | 24,000 | 27,937 | 34,190 | (6,253) | 23,481 |
| Accounting and audit | 16,720 | 17,481 | 16,210 | 1,271 | 18,924 |
| Consulting | 15,000 | 55,178 | 62,743 | (7,565) | 16,125 |
| Miscellaneous | 3,500 | 6,611 | 4,782 | 1,829 | 5,680 |
| Repairs and maintenance | 9,000 | 6,240 | 11,403 | (5,163) | 12,475 |
| Telephone | 15,120 | 22,741 | 27,144 | (4,403) | 20,961 |
| Utilities | 4,000 | 7,727 | 7,526 | 201 | 8,100 |
| Coroner's fees | 1,300 | 4,700 | 5,800 | (1,100) | 1,350 |
| Community Center | 13,000 | - | 3,400 | (3,400) | - |
| Rent expense | - | 900 | 940 | (40) | 2,340 |
| Beautification | 10,000 | - | - | - | - |
| Website development | 10,000 | - | - | - | - |
| Total general government | <u>447,750</u> | <u>499,911</u> | <u>539,803</u> | <u>(39,892)</u> | <u>447,834</u> |
| Public safety - police - | | | | | |
| Salaries | 385,950 | 355,390 | 358,457 | (3,067) | 370,710 |
| On-behalf salaries | 30,000 | 24,000 | 25,583 | (1,583) | 25,516 |
| Payroll taxes | 31,600 | 29,023 | 28,928 | 95 | 30,186 |
| Retirement | 25,960 | 18,566 | 18,566 | - | 17,789 |
| Accounting and audit | 2,760 | 3,139 | 2,911 | 228 | 3,126 |
| Office supplies | 20,000 | 13,212 | 12,613 | 599 | 19,753 |
| Materials and supplies | 5,500 | 14,617 | 11,374 | 3,243 | 6,134 |
| Drug testing | 1,050 | 1,036 | 939 | 97 | 1,036 |
| Utilities | 3,600 | 3,381 | 3,234 | 147 | 3,392 |
| Repairs and maintenance | 2,500 | 3,969 | 3,225 | 744 | 3,664 |
| Auto expense | 25,500 | 30,787 | 30,129 | 658 | 21,623 |
| Gasoline | 15,000 | 16,161 | 14,405 | 1,756 | 17,568 |
| Uniforms | 2,000 | 7,227 | 8,543 | (1,316) | 3,392 |
| Insurance | 95,850 | 104,072 | 106,521 | (2,449) | 95,491 |
| Telephone | 8,700 | 17,016 | 14,669 | 2,347 | 10,059 |
| Conventions and meetings | 500 | 2,960 | 2,220 | 740 | 344 |
| Prisoner meals | 500 | 607 | 455 | 152 | 269 |
| Radio and radar expense | - | 1,681 | 1,261 | 420 | 581 |
| Miscellaneous | 2,000 | 872 | 1,124 | (252) | 2,076 |
| Indigent defender expense | 60,000 | 41,715 | 39,141 | 2,574 | 63,602 |
| Total public safety - police | <u>718,970</u> | <u>689,431</u> | <u>684,298</u> | <u>5,133</u> | <u>696,311</u> |

(continued)

TOWN OF SUNSET, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

| | 2019 | | | Variance with Final Budget Positive (Negative) | 2018 Actual |
|------------------------------|---------------------|---------------------|---------------------|---|---------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Public safety - fire - | | | | | |
| Salaries | 61,325 | 63,160 | 63,371 | (211) | 62,667 |
| On behalf salaries | 12,000 | 12,000 | 12,000 | - | 16,533 |
| Payroll taxes | 5,600 | 5,749 | 5,737 | 12 | 6,076 |
| Accounting and audit | 2,760 | 3,139 | 2,911 | 228 | 3,126 |
| Materials and supplies | 30,000 | 20,905 | 17,404 | 3,501 | 27,539 |
| Utilities | 3,000 | 3,045 | 2,774 | 271 | 2,708 |
| Repairs and maintenance | 13,000 | 22,331 | 18,095 | 4,236 | 10,320 |
| Radio and radar expense | 360 | 360 | - | 360 | 361 |
| Insurance | 25,700 | 27,904 | 28,565 | (661) | 25,607 |
| Telephone | 6,500 | 7,683 | 9,219 | (1,536) | 6,841 |
| Gasoline | 5,000 | 2,855 | 2,726 | 129 | 5,781 |
| Uniforms | 500 | 500 | 1,250 | (750) | 67 |
| Miscellaneous | 2,000 | 1,157 | 417 | 740 | 1,696 |
| Total public safety - fire | <u>167,745</u> | <u>170,788</u> | <u>164,469</u> | <u>6,319</u> | <u>169,322</u> |
| Public works - streets - | | | | | |
| Salaries | 88,117 | 72,748 | 72,931 | (183) | 89,449 |
| Payroll taxes | 6,719 | 5,565 | 5,453 | 112 | 6,913 |
| Retirement | 22,939 | 17,261 | 15,571 | 1,690 | 21,161 |
| Accounting and audit | 2,760 | 3,139 | 2,911 | 228 | 3,858 |
| Materials and supplies | 8,000 | 2,529 | 2,314 | 215 | 9,094 |
| Auto and truck expense | 7,000 | 10,181 | 8,808 | 1,373 | 6,917 |
| Gasoline | 3,000 | 4,528 | 4,120 | 408 | 3,432 |
| Repairs and maintenance | 3,200 | 1,773 | 3,029 | (1,256) | 2,729 |
| Insurance | 32,050 | 34,799 | 35,706 | (907) | 32,008 |
| Telephone | - | 500 | - | 500 | 541 |
| Uniforms | 1,500 | 3,208 | 4,852 | (1,644) | 2,141 |
| Utilities | 41,500 | 33,695 | 39,450 | (5,755) | 40,742 |
| Tractor and backhoe expense | 10,500 | 9,529 | 11,666 | (2,137) | 8,034 |
| Miscellaneous | 3,000 | 1,409 | 1,107 | 302 | 3,189 |
| Shell, gravel and dirt | 1,000 | 2,809 | 5,489 | (2,680) | 336 |
| Animal control expenses | 500 | 793 | 595 | 198 | 98 |
| Station | 2,000 | 2,297 | 1,723 | 574 | 1,747 |
| Engineering services | - | 644 | 644 | - | 2,577 |
| Total public works - streets | <u>233,785</u> | <u>207,407</u> | <u>216,369</u> | <u>(8,962)</u> | <u>234,966</u> |
| Debt service - | | | | | |
| Principal payments | <u>8,400</u> | <u>6,501</u> | <u>2,400</u> | <u>4,101</u> | <u>8,400</u> |
| Capital outlay: | | | | | |
| General government - | | | | | |
| Equipment - Community Center | - | - | - | - | 7,983 |
| Public safety - | | | | | |
| Police | - | 4,387 | 4,387 | - | 69,972 |
| Fire | - | - | - | - | 5,000 |
| Total capital outlay | <u>-</u> | <u>4,387</u> | <u>4,387</u> | <u>-</u> | <u>82,955</u> |
| Total expenditures | <u>\$ 1,576,650</u> | <u>\$ 1,578,425</u> | <u>\$ 1,611,726</u> | <u>\$ (33,301)</u> | <u>\$ 1,639,788</u> |

TOWN OF SUNSET, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

| | 2019 | | Actual | Variance with Final Budget Positive (Negative) | 2018 Actual |
|---|-------------------|-------------------|-------------------|---|-------------------|
| | Budget | | | | |
| | Original | Final | | | |
| Revenues: | | | | | |
| Taxes | \$ 605,000 | \$ 653,226 | \$ 739,665 | \$ 86,439 | \$ 677,796 |
| Miscellaneous - interest and other | 500 | 250 | 178 | (72) | 289 |
| Total revenues | <u>605,500</u> | <u>653,476</u> | <u>739,843</u> | <u>86,367</u> | <u>678,085</u> |
| Expenditures: | | | | | |
| General government - | | | | | |
| Collection fees | 5,800 | 7,000 | 6,873 | 127 | 5,119 |
| Office expense | 60 | 60 | 54 | 6 | - |
| Professional fees | <u>3,500</u> | <u>3,750</u> | <u>3,477</u> | <u>273</u> | <u>5,192</u> |
| Total general government | <u>9,360</u> | <u>10,810</u> | <u>10,404</u> | <u>406</u> | <u>10,362</u> |
| Excess of revenues over expenditures | <u>596,140</u> | <u>642,666</u> | <u>729,439</u> | <u>86,773</u> | <u>667,723</u> |
| Other financing uses: | | | | | |
| Transfer to General Fund | (595,000) | (615,000) | (666,044) | (51,044) | (744,398) |
| Transfer to Debt Service Fund | <u>(25,261)</u> | <u>(23,156)</u> | <u>(22,848)</u> | <u>308</u> | <u>(22,440)</u> |
| Total other financing uses | <u>(620,261)</u> | <u>(638,156)</u> | <u>(688,892)</u> | <u>(50,736)</u> | <u>(766,838)</u> |
| Net change in fund balance | (24,121) | 4,510 | 40,547 | 36,037 | (99,115) |
| Fund balance, beginning | <u>328,452</u> | <u>328,452</u> | <u>328,452</u> | <u>-</u> | <u>427,567</u> |
| Fund balance, ending | <u>\$ 304,331</u> | <u>\$ 332,962</u> | <u>\$ 368,999</u> | <u>\$ 36,037</u> | <u>\$ 328,452</u> |

TOWN OF SUNSET, LOUISIANA
Debt Service Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019
With Comparative Actual Amounts for the Year Ended June 30, 2018

| | 2019 | | | Variance with Final Budget Positive (Negative) | 2018 Actual |
|---|------------------|------------------|------------------|---|------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Revenues: | | | | | |
| Miscellaneous - interest and other | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | | |
| Debt service - | | | | | |
| Principal | 16,000 | 16,000 | 16,000 | - | 15,000 |
| Interest | 6,333 | 6,333 | 6,282 | 51 | 6,865 |
| Total debt service | <u>22,333</u> | <u>22,333</u> | <u>22,282</u> | <u>51</u> | <u>21,865</u> |
| Deficiency of revenues over expenditures | <u>(22,333)</u> | <u>(22,333)</u> | <u>(22,282)</u> | <u>51</u> | <u>(21,865)</u> |
| Other financing sources (uses): | | | | | |
| Transfer from Sales Tax Fund | 25,261 | 23,156 | 22,848 | (308) | 22,440 |
| Transfer to General Fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>25,261</u> | <u>23,156</u> | <u>22,848</u> | <u>(308)</u> | <u>22,440</u> |
| Net change in fund balance | 2,928 | 823 | 566 | (257) | 575 |
| Fund balance, beginning | <u>11,772</u> | <u>11,772</u> | <u>11,772</u> | <u>-</u> | <u>11,197</u> |
| Fund balance, ending | <u>\$ 14,700</u> | <u>\$ 12,595</u> | <u>\$ 12,338</u> | <u>\$ (257)</u> | <u>\$ 11,772</u> |

TOWN OF SUNSET, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2019 and 2018

Records maintained by the Town indicated the following number of customers were being serviced during the months of June 30, 2019 and 2018:

| <u>Department</u> | <u>2019</u> | <u>2018</u> |
|-------------------|-------------|-------------|
| Gas (metered) | 422 | 431 |
| Water (metered) | 1,253 | 1,255 |
| Sewer | 1,083 | 1,084 |

TOWN OF SUNSET, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2019

| Description of Coverage | Coverage Amounts |
|--|---------------------|
| Workmen's compensation - Employer's liability | \$ 500,000 |
| Commercial general liability | 500,000 |
| Law enforcement officers' liability | 500,000 |
| Public officials' errors and omissions liability | 500,000 |
| Business auto liability | 500,000 |
| Commercial Property | 550,000 |
| Property damage - | |
| Fire station: | 224,145 |
| Real property | 48,030 |
| Personal property | |
| Building: | |
| Real property | 2,214,764 |
| Personal property | 421,600 |
| Contractors' equipment | 44,000 |
| Employee theft | 180,000 |
| Auto liability - | |
| General | 1,500,000 |
| Fire department | 1,000,000 |
| Accident and sickness - | |
| Fire department | 50,000 |
| Police department | 50,000 |

TOWN OF SUNSET, LOUISIANA

Comparative Statement of Net Position
Enterprise Fund
Utility Fund
June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and interest-bearing demand deposits | \$ 42,626 | \$ 101,431 |
| Interest-bearing time deposits | 1,060 | 1,060 |
| Accounts receivable, net | 35,023 | 51,219 |
| Due from other governments | <u>159,387</u> | <u>-</u> |
| Total current assets | <u>238,096</u> | <u>153,710</u> |
| Noncurrent assets: | | |
| Restricted assets - | | |
| Cash and interest-bearing demand deposits | 107,872 | 93,505 |
| Interest-bearing time deposits | 26,225 | 26,220 |
| Capital assets, net of accumulated depreciation | <u>2,294,566</u> | <u>1,784,262</u> |
| Total noncurrent assets | <u>2,428,663</u> | <u>1,903,987</u> |
| Total assets | <u>2,666,759</u> | <u>2,057,697</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pensions | <u>11,008</u> | <u>27,662</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 19,447 | 35,088 |
| Contracts payable | 147,587 | 13,406 |
| Retainage payable | 38,710 | 36,859 |
| Accrued liabilities | 2,771 | 5,879 |
| Due to other funds | 165,148 | 78,951 |
| Customers' deposits | 107,525 | 119,725 |
| Bonds payable | <u>17,000</u> | <u>14,180</u> |
| Total current liabilities | <u>498,188</u> | <u>304,088</u> |
| Noncurrent liabilities: | | |
| Bonds payable | 408,000 | 352,825 |
| Net pension liability | <u>39,763</u> | <u>80,637</u> |
| Total noncurrent liabilities | <u>447,763</u> | <u>433,462</u> |
| Total liabilities | <u>945,951</u> | <u>737,550</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions | <u>2,245</u> | <u>4,611</u> |
| NET POSITION | | |
| Net investment in capital assets | 1,683,269 | 1,366,992 |
| Unrestricted (deficit) | <u>46,302</u> | <u>(23,794)</u> |
| Total net position | <u>\$1,729,571</u> | <u>\$ 1,343,198</u> |

| Water | | Sewer | |
|--------------------|------------------|--------------------|--------------------|
| 2019 | 2018 | 2019 | 2018 |
| \$ 237,967 | \$ 233,599 | \$ 167,378 | \$ 142,183 |
| 10,050 | 2,275 | 1,950 | 400 |
| 10,034 | 10,786 | 2,238 | 1,995 |
| <u>21,144</u> | <u>16,796</u> | <u>1,144</u> | <u>2,727</u> |
| <u>279,195</u> | <u>263,456</u> | <u>172,710</u> | <u>147,305</u> |
| 40,498 | 23,040 | 40,498 | 23,040 |
| 3,082 | 1,742 | 3,082 | 1,742 |
| (7,424) | 4,558 | (7,423) | 4,557 |
| 5,251 | 10,910 | - | - |
| - | - | - | - |
| - | 3,750 | 10,469 | 3,847 |
| 54,390 | 23,161 | 592 | 403 |
| 11,587 | 15,199 | - | - |
| 5,049 | 4,606 | - | - |
| 11,537 | 11,543 | 44,849 | 51,743 |
| 28,902 | 25,910 | 11,116 | 9,965 |
| 8,648 | 18,433 | 34,632 | 30,426 |
| 6,063 | 5,551 | 710 | 623 |
| 3,253 | - | - | - |
| 1,793 | 2,714 | - | 2,031 |
| 8,483 | 7,208 | 5,992 | 6,953 |
| 20,937 | 19,830 | 2,624 | 5,804 |
| 2,883 | 693 | - | 500 |
| - | - | - | - |
| 7,802 | 11,585 | 2,330 | 3,952 |
| <u>77,527</u> | <u>45,111</u> | <u>34,695</u> | <u>35,588</u> |
| <u>290,261</u> | <u>235,544</u> | <u>184,166</u> | <u>181,174</u> |
| <u>\$ (11,066)</u> | <u>\$ 27,912</u> | <u>\$ (11,456)</u> | <u>\$ (33,869)</u> |

**INTERNAL CONTROL,
COMPLIANCE, AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

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* A Professional Accounting Corporation

The Honorable Charles James, Mayor
and members of the Board of Aldermen
Town of Sunset, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Sunset, Louisiana (Town) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 8, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Sunset, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2019-001 through 2019-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2019-003.

Town of Sunset, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 8, 2019

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan

Part 1. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Finding -

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2016

CRITERIA: The Town should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CAUSE: Due to the size of the Town, there are a small number of available employees.

EFFECT: The Town has employees that are performing more than one related function.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2019-002 Reconciliation of Accounts

Fiscal year finding initially occurred: 2016

CRITERIA: The Town should have a control policy according to which all balance sheet accounts are reconciled to supporting schedules and subsidiary ledgers on a monthly basis.

CONDITION: The Town did not have adequate procedures in place to reconcile balance sheet accounts to appropriate supporting documentation.

CAUSE: Due to the lack of policies and procedures, monthly reconciliations are not being performed for the utility accounts receivable and cash bond accounts.

EFFECT: The Town had numerous errors recording transactions that were not detected or corrected in a timely manner.

RECOMMENDATION: The Town should establish policies and procedures to reconcile balance sheet accounts to appropriate supporting documentation on a monthly basis in order to identify and correct errors in a timely manner.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will establish procedures to reconcile the utility accounts receivable account. Additionally, a complete listing of cash bonds being held will be maintained and reconcile on a monthly basis.

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)

B. Compliance Finding -

2019-003 Annual Ethics Training

Fiscal year finding initially occurred: 2017

CRITERIA: The Town should ensure each employee conducts their annual ethics training in accordance with Louisiana Revised Statute 42:1170.

CONDITION: The Town had one employee that did not conduct their annual ethics training in accordance with Louisiana Revised Statute 42:1170.

CAUSE: Management did not adhere to their adopted policies and procedures and the Louisiana Revised Statute 42:1170.

EFFECT: The Town's employee did not conduct their annual ethics training during the current fiscal year.

RECOMMENDATION: Management should adhere to their adopted policies and procedures and ensure each employee participates in the required annual ethics training in accordance with Louisiana Revised Statute 42:1170.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will adhere to their adopted policies and procedures and ensure each employee participates in the required one hour of education and training on the Code of Governmental Ethics.

Part II. Prior Year Findings

A. Internal Control Findings -

2018-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2016

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2019-001.

TOWN OF SUNSET, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)

2018-002 Qualified Staff Person

CONDITION: The Organization did not have a staff person with the necessary qualifications and training to apply GAAP in recording their financial transactions or to prepare their financial statements and related notes.

RECOMMENDATION: The Organization should evaluate the cost-benefit of establishing internal controls over the preparation of the financial statements and related notes in accordance with GAAP.

CURRENT STATUS: Resolved.

2018-003 Reconciliation of Accounts

CONDITION: The Town did not have adequate procedures in place to reconcile balance sheet accounts to appropriate supporting documentation.

RECOMMENDATION: The Town should establish policies and procedures to reconcile balance sheet accounts to appropriate supporting documentation on a monthly basis.

CURRENT STATUS: Partially Resolved. See finding 2019-002.

B. Compliance Finding -

2018-004 Annual Ethics Training

CONDITION: The Town's employees did not conduct their annual ethics training in accordance with Louisiana Revised Statute 42:1170.

RECOMMENDATION: Management should adhere to their adopted policies and procedures and ensure each employee participates in the required annual ethics training in accordance with Louisiana Revised Statute 42:1170.

CURRENT STATUS: Unresolved. See finding 2019-003.

TOWN OF SUNSET

Sunset, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Mayor and Board of Aldermen of the
Town of Sunset, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Sunset (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding EFTs)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

8. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]

9. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

(The following procedures were not performed since there were no exceptions in the prior year.)

10. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
11. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.].
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

12. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

13. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

(The following procedures were not performed since there were no exceptions in the prior year.)

14. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

15. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
16. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
17. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
18. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year.)

20. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Other

22. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
23. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Policies and Procedures:

1. The entity did not have written policies and procedures addressing that all employees, including officials, annually attest through signature verification that they have read the entity's ethics policy and disaster recovery/business continuity.

Management's response: The entity will revise written policies and procedures to include these items.

Bank Reconciliations:

2. For all of the five bank accounts selected, there was no evidence of management's review on the bank reconciliations.

Management's response: The entity will ensure all bank reconciliations are properly signed and dated by the reviewer in accordance with its policy.

3. For all of the five bank accounts selected, there was no evidence on the bank reconciliations that management is researching reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management's response: The entity will revise its policies and procedures to include documenting the research of all reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections:

4. For one deposit selected for testing, the entity did not document the date the check was received; therefore, the number of days between collection and deposit could not be determined.

Management's response: The entity will ensure that the date a collection is received is documented with the collection.

Non-Payroll Disbursements

5. The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

Management's response: The entity will implement procedures for an employee other than the employee responsible for processing payments to periodically review changes made to vendor files.

6. The entity's employee who processes payments also mails the payments to vendors.

Management's response: Management will establish a policy to ensure that another employee will be responsible for mailing payments.

Travel and Expense Reimbursements:

7. Of the five disbursements tested, two reimbursements had mileage rates reimbursed at the IRS rate instead of the rate set by the State of Louisiana. One reimbursement did not have any supporting documentation.

Management's response: The entity will ensure that all travel and expense reimbursements will have the most up to date mileage rates and ensure that all employees properly use the correct mileage rates when filling out travel reimbursement forms.

8. Of the five reimbursements tested, three did not have documentation of the business/public purpose and other documentation required by written policy.

Management's response: The entity will ensure that all travel and expense reimbursements have the business purpose documented and the required documentation identified in its policy.

9. Of the five reimbursements tested, three reimbursements were not reviewed or approved, in writing, by someone other than the person receiving the reimbursement.

Management's response: The entity will implement procedures to ensure that all reimbursements will be approved, in writing, by someone who is not receiving the reimbursement.

Payroll and Personnel:

10. Of the two termination payments made during the year, one payment did not have adequate documentation of accrued vacation time paid out.

Management's response: The entity will ensure that all termination pay outs, including accrued leave, are adequately supported by payroll records and schedules.

Ethics:

11. None of the five employees selected for testing signed that they read the entity's ethics policy during the fiscal period.

Management's response: Management will implement policies and procedures to track and maintain annual certifications by employees that the entity's ethics policy has been read during the fiscal year.

12. One of the five employees selected for testing did not have a current ethics training certification.

Management's response: Management will implement procedures to track and maintain current ethics training certificates for all employees.

Other:

13. The notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds was not posted on the entity's website.

Management's response: In the future, the entity will post the notice on its website as required by R.S. 24:523.1.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 8, 2019

TOWN OF SUNSET, LOUISIANA

Agreed-Upon Procedures Report

Year Ended June 30, 2019

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Accountant's Report on Applying Agreed-upon Procedures | 1-2 |
| Supplemental Schedules (Unaudited) | |
| LCDBG Water System Improvement Project: | |
| Schedule of net position | 3 |
| Schedule of revenues, expenses and changes in net position | 4 |

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman of the
Town of Sunset, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Sunset, Louisiana (Town) and the Louisiana Legislative Auditor (LLA) on the schedule of net position and the schedule of revenues, expenses and changes in net position for the Town's LCDBG Water System Improvement Project for the fiscal period July 1, 2018 through June 30, 2019. The Town's management is responsible for the presentation of the schedule of net position and the schedule of revenue, expenses and changes in net position for the Town's LCDBG Water System Improvement Project as of and for the year ended June 30, 2019 in accordance with accounting standards generally accepted in the United States of America. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for purpose or which the report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Trace balances per the schedule of net position and the schedule of revenues, expenses and changes in net position for the Town of Sunset's LCDBG Water System Improvement Project as of and for the year ended June 30, 2019 to the underlying records used in the audit of the financial statements of the Town of Sunset, Louisiana.

No exceptions noted.

2. Verify the mathematical accuracy of the schedule of net position and the schedule of revenues, expenses and changes in net position for the Town of Sunset's LCDBG Water System Improvement Project as of and for the year ended June 30, 2019.

No exceptions noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Sunset, Louisiana and the LLA and is not intended to be and should not be used for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 18, 2020

Town of Sunset, Louisiana

Schedule of Net Position (Unaudited)
LCDBG Water System Improvement Project
June 30, 2019

ASSETS

Current assets:
Grant receivable

\$ 147,587

LIABILITIES

Contracts payable

147,587

Net Position:
Unrestricted

\$ -

Town of Sunset, Louisiana

Schedule of Revenues, Expenses and Changes in Net Position (Unaudited)
 LCDBG Water System Improvement Project
 For the Year Ended June 30, 2019

| | |
|---|----------------|
| Revenues - | |
| LCDBG program | \$ 439,929 |
| LCDBG program income | - |
| Local contribution | - |
| Other | - |
| Interest | - |
| Total revenues | <u>439,929</u> |
| Expenses - | |
| Administration | 24,390 |
| Acquisition | - |
| Engineering | 67,148 |
| Construction | 348,391 |
| Laboratory services | - |
| Construction inspection | - |
| Construction contingencies | - |
| Total expenses | <u>439,929</u> |
| Excess (deficiency) of revenues over expenses | <u>-</u> |
| Other financing sources (uses) | |
| Operating transfers in | - |
| Operating transfers out | - |
| Total other financing sources (uses) | <u>-</u> |
| Net change in net position | - |
| Net position, beginning of year | <u>-</u> |
| Net position, end of year | <u>\$ -</u> |